

Preparer's Notice 04-01

To: Tax Software Providers & Return Preparers

From: Office of Revenue

Subject: Gaming Income and Gaming Losses Casinos

Mississippi income tax law changed as of January 1, 2002 concerning the treatment of gaming winnings and gaming losses incurred at Mississippi gaming casinos (Sections 27-7-901, 27-7-903, & 27-7-17). Please ensure that any software you design or returns you prepare are in conformity with the law changes.

Losses incurred at Mississippi casinos are NOT to be included as an itemized deduction when computing Mississippi taxable income. Please ensure that any computation of Mississippi itemized deductions, including any phase-out computation resulting from adjusted gross income limitations, do not include gaming losses incurred at Mississippi casinos.

Gaming winnings from Mississippi casinos reportable to the Internal Revenue Service are NOT to be included as a part of income on an individual's Mississippi income tax filing.

Gaming winnings from Mississippi casinos which are NOT reportable to the Internal Revenue Service are reportable as Mississippi taxable income to the extent such amounts EXCEED losses from Mississippi casinos.

Residents report gaming winnings from casinos in other states as a part of income on their Mississippi income tax filing. Likewise, any losses incurred at casinos in other states are deductible as an itemized deduction, but only to the extent of the non-Mississippi gaming winnings reported as income.

Non-residents do not report gaming winnings from Mississippi casinos which are not reportable to the Internal Revenue Service, nor do they report gaming winnings from out-of-state casinos. Likewise, they do not report or itemize any losses on their individual Mississippi income tax filing.

Non-residents whose only source of income from this state is gaming winnings in which 3% is withheld (i.e. winnings reportable to the IRS) are not to make a Mississippi income tax filing.